

## European Union's Just Transition Fund approves Cinovec as a Strategic Project

**European Metals Holdings Limited (ASX & AIM: EMH, OTCQX: EMHXY, ERPNF and EMHLF) ("European Metals" or the "Company")** is pleased to announce that the Cinovec Project has been classified as a Strategic Project for the Usti Region of the Czech Republic. The list of Strategic Projects has been approved by the European Commission, the Czech Central Government and the Czech Regional Government in Usti. Being classified as such means that the Cinovec Project has priority for grant funding from the Just Transition Fund ("JTF") co-funding, ahead of many other projects that have been submitted.

The total amount allocated by the Just Transition fund for the Czech Republic is CZK 41B (€1.64B) of which the Usti region has been allocated CZK 15.8B (approx. €632M).

The first call for grant applications under the JTF opened on 14 November 2022 and closes on 31 December 2023.

Given the total amount which may be applied for by the eleven designated Strategic Projects in the Usti region in the first call is CZK 8.3B (approx €350M) and that the funds allocated in this first call from the Just Transition Fund to these Strategic Projects totals CZK 7.3B (approx €300M), although there can be no certainty, the Company is confident that Cinovec will receive a significant portion of the funds applied for from the JTF for the Project.

The maximum funding to be made available upon application to each Strategic Project in the Usti Region is CZK 1.2bn (approx €49M). The Cinovec Project has been allocated the maximum possible JTF grant of CZK 1.2B (approx €49M), subject to passing through the application process, funds remaining available and obtaining the necessary permits for the early-stage Cinovec work programmes to which this grant funding is planned to be applied to, in particular the early full development of the twin decline entry/egress system for the mine.

Accordingly, Geomet s.r.o (the Cinovec project company) will apply for JTF Grant funding for the maximum amount of CZK 1.2B (approx €49M).

Executive Chairman Keith Coughlan said:

*"I am very pleased that the European Union via the Just Transition Fund has approved the Cinovec Project as a Strategic Project for the Usti Region of the Czech Republic. This approval provides further evidence of strong support from the Czech Government and the European Union and the Europe-wide recognition of the critical part which the Cinovec Project will play in enabling the EU to reach its stated goals of lithium self-sufficiency by 2030.*

*"The proposed grants from the Just Transition Fund could play an important part in accelerating the development of the Cinovec Project. For example, the initial entry into the deposit via twin declines and ancillary road network at the proposed Dukla site are likely to be early-stage beneficiaries of this funding. This could reduce the time until first ore is produced by the Cinovec Project post final investment decision. As the funding is in the form of a non-repayable grant this could also have the additional benefit of not diluting the existing shareholders of the Company.*

*"European Metals is well positioned for the rising demand in battery materials, developing the Cinovec project, the largest hard rock lithium project in the EU, which is centrally located on the*

#### DIRECTORS AND MANAGEMENT

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*Czech Republic's border with Germany. The project possesses excellent ESG credentials which will enable the production of battery grade lithium hydroxide and carbonate with potentially one of the lowest CO<sub>2</sub> emissions, globally."*

### **The Just Transition Fund**

The fund is one of the elements of the European Union's Just Transition Mechanism for a **transition towards climate neutrality**.

The Commission provides grants to Member States having identified the territories expected to be the most negatively impacted by the green transition.

The Just Transition Fund supports the economic diversification and reconversion of the territories concerned. This means:

- investments in Small and Medium-sized Enterprises
- creation of new firms
- research and innovation
- environmental rehabilitation
- clean energy
- up- and reskilling of workers
- job-search assistance
- transformation of existing carbon-intensive installations

The approval of Cinovec as a Strategic Project does not mean the project will automatically receive funding. The financial framework (max. limit) which can be applied for in relation to the Cinovec Project is approximately EUR 49 million. The subsidy is not guaranteed. The JTF funds can only be drawn after the sub-projects are approved within individual calls. There is no assurance that the project will get the necessary permits in time or that the relevant authorities will approve the drawdown.

**This announcement has been approved for release by the Board.**

## **BACKGROUND INFORMATION ON CINOVEC**

### **PROJECT OVERVIEW**

#### **Cinovec Lithium/Tin Project**

Geomet s.r.o. controls the mineral exploration licenses awarded by the Czech State over the Cinovec Lithium/Tin Project. Geomet has been granted a preliminary mining permit by the Ministry of Environment and the Ministry of Industry. The company is owned 49% by EMH and 51% by CEZ a.s. through its wholly owned subsidiary, SDAS. Cinovec hosts a globally significant hard rock lithium deposit with a total Measured Mineral Resource of 53.3Mt at 0.48% Li<sub>2</sub>O and 0.08% Sn, Indicated Mineral Resource of 360.2Mt at 0.44% Li<sub>2</sub>O and 0.05% Sn and an Inferred Mineral Resource of 294.7Mt at 0.39% Li<sub>2</sub>O and 0.05% Sn containing a combined 7.39 million tonnes Lithium Carbonate Equivalent and 335.1kt of tin (refer to the Company's ASX release dated 13 October 2021) (**Resource Upgrade at Cinovec Lithium Project**).

An initial Probable Ore Reserve of 34.5Mt at 0.65% Li<sub>2</sub>O and 0.09% Sn reported 4 July 2017 (**Cinovec Maiden Ore Reserve – Further Information**) has been declared to cover the first 20 years mining

at an output of 22,500tpa of lithium carbonate (refer to the Company's ASX release dated 11 July 2018) (**Cinovec Production Modelled to Increase to 22,500tpa of Lithium Carbonate**).

This makes Cinovec the largest hard rock lithium deposit in Europe, the fifth largest non-brine deposit in the world and a globally significant tin resource.

The deposit has previously had over 400,000 tonnes of ore mined as a trial sub-level open stope underground mining operation.

On 19 January 2022, EMH provided an update to the 2019 PFS Update, conducted by specialist independent consultants which, based upon the production of 29,386tpa of lithium hydroxide, indicates a post-tax NPV of USD1.938B and a post-tax IRR of 36.3% and confirmed that the Cinovec Project is a potential low operating cost producer of battery-grade lithium hydroxide or battery grade lithium carbonate as markets demand. It confirmed the deposit is amenable to bulk underground mining (refer to the Company's ASX release dated 19 January 2022) (**PFS Update delivers outstanding results**). Metallurgical test-work has produced both battery-grade lithium hydroxide and battery-grade lithium carbonate in addition to high-grade tin concentrate at excellent recoveries. Cinovec is centrally located for European end-users and is well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5 km north and 8 km south of the deposit, and an active 22 kV transmission line running to the historic mine. As the deposit lies in an active mining region, it has strong community support.

The economic viability of Cinovec has been enhanced by the recent strong increase in demand for lithium globally, and within Europe specifically.

There are no other material changes to the original information and all the material assumptions continue to apply to the forecasts.

## **BACKGROUND INFORMATION ON CEZ**

Headquartered in the Czech Republic, CEZ a.s. is an established, integrated energy group with operations in a number of Central and South-eastern European countries and Turkey. CEZ's core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. CEZ Group is one of the ten largest energy companies in Europe, has more than 28,000 employees and annual revenue of approximately EUR 9.53 billion.

The largest shareholder of its parent company, CEZ a.s., is the Czech Republic with a stake of approximately 70%. The shares of CEZ a.s. are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. CEZ's market capitalization is approximately EUR 18.3 billion.

As one of the leading Central European power companies, CEZ intends to develop several projects in areas of energy storage and battery manufacturing in the Czech Republic and in Central Europe.

CEZ is also a market leader for E-mobility in the region and has installed and operates a network of EV charging stations throughout Czech Republic. The automotive industry in the Czech Republic is a significant contributor to GDP, and the number of EV's in the country is expected to grow significantly in the coming years.

## CONTACT

For further information on this update or the Company generally, please visit our website at [www.europeanmet.com](http://www.europeanmet.com) or see full contact details at the end of this release.

## WEBSITE

A copy of this announcement is available from the Company's website at [www.europeanmet.com](http://www.europeanmet.com).

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The information contained within this announcement is considered to be inside information, for the purposes of Article 7 of EU Regulation 596/2014, prior to its release. The person who authorised for the release of this announcement on behalf of the Company was Keith Coughlan, Executive Chairman.